

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	
FREE SPEECH SYSTEMS, LLC	§	
	§	
Debtor	§	Case No. 22-60043-11 (Subchapter V)
	§	

SUBCHAPTER V TRUSTEE'S REPORT REGARDING DEBTOR'S DISCLOSURE

TO THE HONORABLE CHRISTOPHER M. LOPEZ, U.S. BANKRUPTCY JUDGE:

NOW COMES, MELISSA A. HASELDEN, Subchapter V Trustee (“Trustee”) in the above-referenced bankruptcy proceeding, and files this Subchapter V Trustee’s Status Report regarding Debtor’s Disclosure (Docket No. 534), and would respectfully show the Court as follows:

I.
BACKGROUND

1. Debtor commenced this bankruptcy case by filing a voluntary petition under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and electing to proceed under subchapter V of chapter 11 on July 29, 2022 (the “Petition Date”).
2. On August 2, 2022, the Office of the United States Trustee for Region 7 appointed Melissa A. Haselden as the Trustee in this case [Dkt. No. 22].
3. On September 20, 2022, the Court entered its Order Expanding Subchapter V Trustee’s Duties under 11 U.S.C. §1183(b)(2) and requiring Trustee to file a report pursuant to 11 U.S.C. §1106(a)(3) & (4) (“Trustee Order”) [Docket #183].

II.

STATUS REPORT REGARDING DEBTOR'S DISCLOSURES

4. On or about March 2, 2023, the CRO of the Debtor informed the Trustee that he was investigating a rumor that ads on Alex Jones ("Jones") radio show were being sold by a third party and would keep the Trustee informed as to the progress of his investigation.

5. Subsequently, the CRO determined that the advertising in question was not radio airtime, but rather revenue sharing ads on the InfoWars broadcast for which the Debtor was not receiving compensation. The CRO discovered that, in August 2022, an employee ("Employee") of the Debtor formed Mountain Way Marketing LLC ("Mountain Way"). Subsequently, Mountain Way began marketing ads for the InfoWars broadcast and invoicing the advertisers, including one business which advertised with the Debtor prior to the Petition Date. The CRO reported this information to the Trustee.

6. The Trustee and her counsel interviewed relevant persons with knowledge about the information stated above, as well as reviewed documentation of the same which was provided. It was determined that Mountain Way received revenue of \$243,742.09 from the referenced advertising. Mountain Way paid a total of \$157,272.76 to Jones from these funds. Additional revenue from these ads is expected to be received. Mountain Way and Jones have committed to returning these funds to the Debtor and to cease these marketing activities.

7. The Trustee also interviewed numerous other parties about this matter and, more broadly, about the existence of any similar arrangements affecting the Debtor. The Trustee further researched business dealings between the Debtor and other employees, affiliates, and consultants. The results of this investigation, among other information, will be more fully reported in the Trustee's report which is anticipated to be filed with the Court on or before March 31, 2023.

8. The Trustee would further note that during the course of the instant investigation, the CRO and the other parties involved have been cooperative in resolving this matter.

Respectfully Submitted,

HASELDEN FARROW PLLC

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Subchapter V Trustee

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Subchapter V Status Report Regarding Debtor's Disclosures was served on the following parties in interest via ECF March 24, 2023:

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